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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, January 5

NIKKEI (Page 2) (Full)

January 6, 2010

10:02 Held cabinet meeting at the Prime Minister's Official Residence (Kantei)

10:58 Met Finance Minister Hirohisa Fujii

11:14 Held National Vision Study Group meeting

13:17 Met Fujii; Chief Cabinet Secretary Hirofumi Hirano also present

14:05 Attended joint New Year party hosted by three economic organizations at Imperial Hotel

14:55 Met Environment Minister Sakihito Ozawa and Senior Vice Environment Minister Issei Tajima at the Kantei; joined by Senior Vice Foreign Minister Tetsuro Fukuyama

15:58 Attended New Year party of Rengo (Japanese Trade Union Confederation) at Hotel Lungwood in Higashi-Nippori

17:28 Arrived at the Kantei

19:58 Had dinner with Administrative Reform Minister Yoshito Sengoku, Government Revitalization Unit Secretary General Hideki Kato, Cabinet Office Senior Vice Minister Motohisa Furukawa, House of Councillors member Ren Ho, and Liberal Democratic Party House of Representatives member Taro Kono at Italian restaurant Caf La Boheme in Shinjuku

20:51 Arrived at his official residential quarters

4) DM Kitazawa in action: Task force on Futenma relocation to be created, introduces adviser to Prime Minister

YOMIURI (Page 4) (Full)
January 6, 2010

Defense Minister Toshimi Kitazawa is stepping up moves to realign foreign and security policy, which is regarded as the weak point of the Hatoyama administration.

At a news conference on Jan. 5, Kitazawa announced the creation of a task force under his supervision that will work on the issue of the relocation of the U.S. forces' Futenma Air Station in Okinawa.

The task force will consist of several officials who were not directly involved with developing the existing relocation plan and will take charge of coordination with the U.S. Department of Defense

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and Okinawa. Although Social Democratic Party leader State Minister for Consumer Affairs Mizuho Fukushima has said that the officials who have been in charge of the Futenma issue up until now from the North American Affairs Bureau of the Ministry of Foreign Affairs and the Defense Policy Bureau of the Ministry of Defense should be replaced, Kitazawa did not go that far.

Kitazawa also introduced foreign affairs commentator Yukio Okamoto to Prime Minister Yukio Hatoyama in December. Okamoto is an expert on the United States who served as an adviser to the prime minister under the Hashimoto and Koizumi cabinets. He visited the U.S. in December and met with senior U.S. government officials through his own personal connections. After returning home, he briefed Hatoyama in detail on the situation in the U.S. at a meeting in late December.

Hatoyama had, at first, shown an interest in the proposal to relocate the Futenma base to the U.S. territory of Guam, but ruled out this possibility after his meeting with Okamoto on Dec. 26. It is widely believed that Okamoto's advice was behind this change. Japan Research Institute Chairman Jitsuro Terashima, who takes a skeptical view of U.S. policies, has so far been seen as an influential foreign policy adviser to Hatoyama, but it appears that Okamoto is becoming more important.

Kitazawa also decided to appoint Tetsuya Nishimoto, former chairman of the Self-Defense Forces Joint Staff Council, as his adviser on Jan. 5. Since a revision of the National Defense Program Guidelines is scheduled for the end of the year, he wants to seek the advice of an expert.

5) Chief Cabinet Secretary Hirofumi Hirano to visit proposed Futenma relocation sites in Okinawa

TOKYO SHIMBUN (Page 2) (Slightly abridged)
January 6, 2010

Chief Cabinet Secretary Hirofumi Hirano announced at a news conference on Jan. 5 that he will visit Okinawa on Jan. 8-10 in connection with the search for a relocation site for the U.S. forces' Futenma Air Station (in Ginowan City, Okinawa).

In addition to visiting the Futenma base located in an urban district, Hirano is also thinking of going to the islands of Ie and Shimoji, which have emerged as possible relocation sites in the ruling parties. He will also meet Governor Hirokazu Nakaima.

6) Defense minister to appoint Nishimoto as special adviser

MAINICHI (Page 5) (Full)
January 6, 2010

Defense Minister Toshimi Kitazawa decided yesterday to appoint former Joint Staff Council chairman Tetsuya Nishimoto as his special adviser. The appointment is likely to be approved at a cabinet meeting shortly. Nishimoto chaired the Joint Staff Council, the top

brass among uniformed personnel from the Self-Defense Force staff offices at that time, from July 1993 through March 1996 after serving as Ground Self-Defense Force chief of staff. He will provide advice to Kitazawa over the issue of relocating the U.S. Marine Corps' Futenma Air Station, the revision of the National Defense Program Outline scheduled for later this year, and other matters.

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The Defense Ministry set up the post of special adviser last year after a series of scandals involving the ministry.

7) DPJ's Ozawa advocates international contribution in place of downsizing U.S. military bases in Japan

AKAHATA (Page 2) (Full)
January 6, 2010

Democratic Party of Japan (DPJ) Secretary General Ichiro Ozawa appeared on a TV Tokyo program aired on the evening of Jan. 4. Discussing the issue of the U.S. forces' Futenma base in Okinawa, Ozawa said: "The biggest problem is that the Japanese government, especially the Ministry of Foreign Affairs, is unable to speak up to the United States. The U.S. is annoyed by this."

Ozawa added: "If there is no need for so many U.S. military bases and soldiers in the front line, (Japan) should say so clearly (to the U.S. side). It should just say that we will defend our country properly and will make international contributions in the following ways, so there is no need to worry," stating in effect that if Japan reinforces its military capability, U.S. military bases can be downsized.

Ozawa refrained from commenting on the pros and cons of U.S. bases in Okinawa. He said: "I am not in a position to make comments on specific policies."

Ozawa has been making deceitful statements. He agreed with U.S. Secretary of State Hillary Clinton on "reinforcing" the subservient Japan-U.S. alliance last year while also advocating an "equal Japan-U.S. relationship."

8) PRC Ambassador to South Korea Cheng Yonghua to become new envoy to Japan

NIKKEI (Page 3) (Abridged)
January 6, 2010

Ken Sato in Beijing

It was learned on Jan. 5 that the Chinese government has decided to appoint ambassador to South Korea Cheng Yonghua, 55, to succeed ambassador to Japan Cui Tiankai, 57, and has been coordinating with the Japanese government on this. Cui is moving on to become vice foreign minister. The Japanese government is expected to agree to the appointment and Cheng is expected to take up his post as soon as March. Cheng is proficient in Japanese and has extensive connections in the Japanese political and business world. By appointing a Japan expert as ambassador, China intends to strengthen its relations with Japan.

Cheng was one of the first government-funded students to study in Japan after the normalization of diplomatic relations between Japan and China in 1972. He is known to have an affable personality. He is currently the ambassador to South Korea and is knowledgeable on North Korean issues.

9) Finance Minister Fujii to resign

ASAHI (Top play) (Excerpts)
January 6, 2010

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Finance Minister Hirohisa Fujii (77) on Jan. 5 decided to step down

for the reason that it would be impossible for him to attend deliberations in the upcoming regular Diet session due to ill health. Several sources close to him revealed this. Fujii is expected to formally announce his decision shortly. Prime Minister Yukio Hatoyama intends to ask him to stay. However, according to an aide close to him, he is firmly determined to quit.

Hatoyama yesterday evening told reporters, "I would like him to continue to do his best." This will be the first resignation (if realized) of a Hatoyama cabinet member since the administration was launched in September last year. If he steps down, the regular Diet session is bound to fall into a state of disarray, which would deal a major blow to the administration. The regular Diet session is slated to be convened on the 18th. A plan to have either Deputy Prime Minister and State Minister for National Policy Naoto Kan or State Minister for Government Revitalization Yoshito Sengoku double as finance minister or to promote either Deputy Finance Ministers Yoshihiko Noda or Naoki Minezaki to the post has been floated.

10) Upper House member Yamauchi's resignation from LDP approved

ASAHI (Page 4) (Full)
January 6, 2010

The Party Ethics Committee of the Liberal Democratic Party (LDP) accepted House of Councillors member Toshio Yamauchi's request to leave the party. He intends to join the Japan Renaissance Party. He was elected in the Kagawa constituency.

11) Experts offer policy proposals on Japan-U.S. relations to Hatoyama

NIKKEI (Page 2) (Full)
January 6, 2009

Prime Minister Yukio Hatoyama yesterday invited members of his private study group on national policy to his office and heard their views on such issues as Japan-U.S. relations and economic policy. According to one attendee, some members contended that if the government neglects public opinion calling for relocating U.S. Marine Corps Air Station Futenma out of Okinawa, the anti-base movement will spread and Japan-U.S. relations will only grow worse. Hatoyama responded, saying: "I'm impressed; that view shows foresight."

12) LDP Masuzoe hints at forming new political party in pursuit of political realignment

SANKEI (Page 2) (Full)
January 6, 2010

Yoichi Masuzoe of the Liberal Democratic Party (LDP), former health, labor and welfare minister, said after attending the party's first meeting of the year at party headquarters yesterday: "I am determined to take action when action is required amid the significant changes occurring in the political world. Ultimately, I would like to attain the major goal of political realignment."

Masuzoe asserted: "Democratic Party of Japan Secretary General Ichiro Ozawa has followed the LDP's most old-fashioned political

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style. It is necessary (for the LDP) to work together with those who can handle the affairs of state from a fresh perspective (irrespective of whether they are ruling or opposition party members)." He then indicated that he would form a new political party, remarking: "It does not make sense to resuscitate a political party that has already become antiquated and has been abandoned by the people. We must take on the attitude required to form a new political party."

In response, LDP Secretary General Tadamori Omori commented: "Political realignment is not a responsible political view. I do not think that a reorganization of the political world will take place."

13) Prosecutors to ask Ozawa to respond to questioning about fund management body's failure to report land deal

MAINICHI (Page 1) (Full)
January 6, 2009

The Tokyo District Public Prosecutors Office has apparently decided on a policy of asking Democratic Party of Japan (DPJ) Secretary General Ichiro Ozawa to respond to questioning on a voluntary basis in connection with the political fund reports of his fund management body, Rikuzankai. However, there is a possibility that Ozawa's side will refuse to respond to the request. Prosecutors have already filed a criminal complaint against Tomohiro Ishikawa, 36, a DPJ House of Representatives member and former private secretary of Ozawa, elected in the Hokkaido No. 11 district, and another former aide of Ozawa, on suspicion of violating the Political Funds Control Law because Rikuzankai did not accurately report a 2004 land purchase in its funding report for 2004 and the source of the money is unclear.

Ishikawa has testified by saying, "(We) made the land purchase at Mr. Ozawa's instruction. His own money was spent for the land purchase. (We) told him that we lacked operating funds, and took out a loan. I don't think he was aware (of the details)." As a result, prosecutors have apparently determined that it will be necessary to ask Ozawa for an explanation.

14) Sales of brand-new cars fall below 5 million units

TOKYO SHIMBUN (Page 1) (Excerpts)
January 6, 2010

The Japan Automobile Dealers Association and the Japan Mini Vehicles Association on Jan. 5 announced that the number of brand-new domestic vehicles sold in 2009 stood at 4,609,255 units, down 9.3 percent from the previous year, falling below the 5 million- level for the first time in 31 years. The sales of such cars marked a year-on-year decline for five consecutive years. The figure is about a 40 percent drop from 7,777,493 units marked in 1990. A major drop in the first half of last year as a result of the economic stagnation since the financial crunch has put a dent in the sales.

Japan's auto market has been shrinking, because young people's interest in cars has been declining since even before the Lehman shock. The statistics showed that this situation is still continuing. However, there are indications that the downtrend bottomed out in the second half of 2009 due to the eco-car tax break and subsidies system. The Japan Automobile Manufacturers Association

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estimates the sales of brand-new cars (including compact s) in 2010 at 4,798,400 units, up 4.1 percent from the 2009 level.

15) Poll of Japanese, South Korean top managers: More than 70 percent say Japan-South Korea-China FTA is necessary

NIKKEI (Page 1) (Excerpts)
January 6, 2010

According to a questionnaire of Japanese and South Korean top business managers, conducted jointly by the Nihon Keizai Shimbun and South Korea's Maeil Business Newspaper, more than 70 percent of Japanese and South Korean business leaders surveyed replied that it is necessary for Japan, South Korea, and China to conclude a free trade agreement. They are eager to achieve economic expansion through the elimination of trade barriers such as tariffs.

Japanese business leaders who replied that a Japan-South Korea-China FTA is "necessary" or "somewhat necessary" jumped to 76 percent, up 15 points from the previous survey carried out in December 2008. The ratio of their South Korea counterparts who gave the same reply reached 82 percent, up 3 points compared to the previous survey. Japanese business leaders have taken an increasingly positive stance presumably because exports have dropped sharply, following the financial meltdown in the fall of 2008. However, this poll targeted leading companies. Small- and medium-sized businesses and farmers

are likely to be opposed the idea.

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